

MONTENEGRO:

Željko ŠTURANOVIĆ,

Prime Minister

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

TITLE I

GENERAL PRINCIPLES

Article 1 (SAA Article 2)

Respect for the democratic principles and human rights as proclaimed in the Universal Declaration of Human Rights and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), and the rule of law as well as the principles of market economy as reflected in the Document of the CSCE Bonn Conference on Economic Cooperation, shall form the basis of the domestic and external policies of the Parties and constitute essential elements of this Agreement.

Article 2 (SAA Article 9)

This Agreement shall be fully compatible with and implemented in a manner consistent with the relevant WTO provisions, in particular Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Article V of the General Agreement on Trade in Services (GATS).

TITLE II

FREE MOVEMENT OF GOODS

Article 3 (SAA Article 18)

1. The Community and Montenegro shall gradually establish a bilateral free trade area over a period lasting a maximum of five years starting from the entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with those of the GATT 1994 and the WTO. In so doing they shall take into account the specific requirements laid down hereinafter.

2. The Combined Nomenclature shall be applied to the classification of goods in trade between the Parties.

3. For the purpose of this Agreement customs duties and charges having equivalent effect to customs duties include any duty or charge of any kind imposed in connection with the importation or exportation of a good, including any form of surtax or surcharge in connection with such importation or exportation, but do not include any:

- (a) charges equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of the GATT 1994;
- (b) antidumping or countervailing measures;
- (c) fees or charges commensurate with the costs of services rendered.

4. For each product, the basic duty to which the successive tariff reductions set out in this Agreement are to be applied shall be:

- (a) the Community Common Customs Tariff, established pursuant to Council Regulation (EEC) No 2658/87 ⁽¹⁾ actually applied *erga omnes* on the day of the signature of this Agreement;
- (b) the Montenegrin applied tariff ⁽²⁾.

5. If, after the signature of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting:

- (a) from the tariff negotiations in the WTO or,
- (b) in the event of the accession of Montenegro to the WTO or,
- (c) from subsequent reductions after the accession of Montenegro to the WTO,

such reduced duties shall replace the basic duty referred to in paragraph 4 as from the date when such reductions are applied.

⁽¹⁾ Council Regulation (EEC) No 2658/87 (OJ L 256, 7.9.1987, p. 1).

⁽²⁾ Official Gazette of Montenegro No 17/07.